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ABSTRACT

This pamphlet discusses some of the values and responsibilities of advertising in a free competitive economy. One of the primary objectives of advertising is to communicate truthfully. The laws of the Federal Trade Commission exist to protect the public from wrong and misleading information, but the greatest protection is the hard light of constant exposure. Because of advertising, magazines can be distributed more cheaply and widely, informing people of changes and improvements in their fields of business or interest. Advertising is responsible to the public and can be valuable only when the public makes known its needs. (TS)

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The Significance of Advertising

An Address by Wm. A. Marsteller
Chairman, Board of Directors
Marsteller Inc.

Before the 40th Annual Convention
Illinois State High School Press Ass'n.
at the University of Illinois, Urbana, Ill.
September 16, 1960

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I accepted this invitation to talk to you for two reasons. First of all, it is an opportunity and a challenge to meet with a group who are articulate leaders today, and who will without question supply leaders of tomorrow who will shape the thinking of others in businesses and communities all over. The second reason I accepted is that it would force me to do something I have wanted to do for a long time: to try to put into sequence my accumulating opinions about the significance and values and responsibilities of advertising in a free competitive economy.

Advertising is not a necessary commodity. It isn't needed to sustain existence. It isn't even very old. Depending upon what you mean by advertising, as a business it has been around for less than a hundred years, which in the span of history is barely more than a few minutes.

Like you men and women here, it's young but doesn't like to be reminded of it; it has a good deal of know-how, but relatively little experience; it makes some mistakes but has remarkable vitality to overcome them; it is enthusiastic, and often very charming, but sometimes a little thoughtless or ill-mannered; it has a long and promising life ahead of it—a life that can be full and profitable and useful and proud; or one than can slip into boredom and humdrum, and self-seeking.

Some of you will undoubtedly find your life in advertising, and help determine what the future of this business—this dynamic communication force—will be.

Actually, advertising is already very close to you and your jobs as editors, business and advertising managers. Webster defines advertising as "a public notice." It came into being most of all as an information service. One simple fact of history shows how it performs this informational function, and what happens when it doesn't.

As you know, Elias Howe invented the sewing machine. What the history books overlook is that he couldn't get anyone to buy it. He was commercially so unsuccessful that he had to borrow a suit to go to his wife's funeral. He was ahead of his time, not with his invention, but because advertising wasn't understood. He had no understanding of how to explain the sewing machine to prospective buyers—there was no concept of advertising to

tell its benefits in terms of labor saving and a better life, and it limped along with very little attention for years, so that after it had been invented, a whole generation of women lived and died without ever knowing it existed, and their life and their families' lives were the more drab because there was no public notice of it.

Before your education is completed, you will no doubt hear professors and teachers both praise and attack advertising.

Some will call it an economic waste, some will say that it raises prices; some will condemn it as misleading and deceitful; some will claim that it appeals to the lowest of human emotions and some will say that it is offensive to good taste, or simply boring.

On the other hand, it will be pointed out to you that advertising multiplies the sales of goods and services and by expanding markets, and creating demand where none existed, creates jobs and actually lowers prices. You will be told that it creates trust in companies and products, and therefore gives security for employees and investors. You will hear it described as a force necessary to keep consumption up to the constantly growing level of our productivity.

Like most sweeping statements in religion, politics, business or love, none of these claims is wholly true or wholly false, and in some cases they must be judged against personal interests of the people who make them.

Does advertising lead or mislead? Do the editorial columns of a newspaper or a magazine, does the commentator on radio or television lead or mislead?

It all depends. You, as editors, are sophisticated enough to know that one of your hardest jobs in writing a news story—even a simple report of how your high school football team beat Backwash—is to keep all personal bias out of it. Did the head linesman really blow one when he called your left tackle offside, or is that what you wanted to see? When you start a report with the sentence, "Plans for the Senior Prom have finally been released by Charles Hudson, Chairman of the Committee," you have adroitly, though perhaps unwittingly, made it clear that Charlie Hudson has been goofing off, in your opinion.

By contrast, advertising is usually less misleading even than editorial, simply because it is recognized as self-seeking in the first place, and anyway it can't be misleading for very long, in the second place. Advertising, to be successful, must appeal to all people, seldom to special interest groups of people. Advertising, to be successful, must be truthful or it ceases to be read or believed, and at that point it ceases to be advertising.

James Webb Young, one of the leaders of modern advertising, says: "Advertising is a self-purifying stream; it is out where you see it. What you do about what you read determines its success."

Deliberately misleading advertising amounts to only a small fraction of all advertising of any kind. Yet some does exist and is a ready target for critics. As Mr. Young says, it is out where you see it. It is far more difficult for the public to identify dishonesty in the practice of law or medicine or in the operation of a grocery store or an automobile agency, and yet enough cases come to light so that realistically we know that there are unscrupulous persons in all walks of life. There are laws and regulatory bodies to protect us against many abuses, and the Federal Trade Commission and the voluntary Better Business Bureau protects us against most advertising abuses, but the greatest protection is simply the hard light of constant exposure. Advertising always lives where all can see it; this is the most potent regulatory force that can be established.

Now, does advertising raise the cost of goods you buy, or does it lower them?

In the car you buy, perhaps as much as $100 of the cost goes into advertising and you pay that cost. In the can of soup you buy, a fraction of a cent goes for advertising and you pay that cost. So in a sense, advertising does indeed raise prices.

But is this a real increase in price? Clearly, without advertising there would never have been a mass market for automobiles. Clearly, there would be no great assembly lines. An automobile would be built, one part at a time, assembled by hand. The car you buy would cost thousands of dollars more, and would be a luxury of only the very rich. You have only to look at some of the more underdeveloped countries of the world to substantiate this, and so

the $100 per car for advertising is not really an added cost but a tremendous reduction in cost.

Then look at the other consequences of the mass marketing of automobiles—our filling stations, our automobile agencies, our vast network of roads so vital to the transportation of goods, to our enjoyment of life, and to our national security. Think of the vast number of jobs they all add to our economy.

What would happen if advertising stopped? It is hard to sense, yet there have been a few fortunately short-lived and local examples that can give us a taste.

In 1953, for 11 days nearly all the newspapers of New York City were out on strike. The consequences went far beyond the people directly concerned with the newspaper business there, and far beyond the strange vacuum created by the unavailability of normal sources of news. Department store sales dropped 25 per cent. The sale of used cars came almost to a halt. Apartment rentals were nearly halved. Job applications fell. Even funeral attendance was off because there were no death notices. And the day the strike ended a national survey organization asked people, "What did you miss most about not having a newspaper?" Forty-two per cent answered, "Advertisements."

As editors, you may have already, or if you continue in editorial work, you may someday wish that you could edit a publication without advertising. Wouldn't it be wonderful to have all that space to fill with pure editorial material?

There have been two significant attempts to operate great communication properties without advertising. In the magazine field, for many, many years, THE READER'S DIGEST sold no advertising. Finally, rising costs of paper, printing, editorial material and distribution forced its owners to a hard decision: either the subscription and newsstand price must be raised substantially, which meant a far smaller number of people who could buy it, or it had to take advertising. So you see, advertising can reduce prices in many ways. Today of course, THE READER'S DIGEST runs advertising, and is no less independent, no less interesting, and more widely distributed than it was before.

Most of you will not remember the ill-fated attempt to establish a newspaper in New York that would not carry advertising. It was the paper called

PM, and it had unparalleled financial backing from a dedicated and wealthy group of liberals headed by Marshall Field. The theory was that its pages would not be contaminated by commercialism; it would be undiluted by the sales messages of Macy's and Gimbel's and General Motors and the like. Millions of dollars went down the drain before this hard fact of publishing life was learned: Advertising was part of what people buy when they buy the newspaper. People want to know about sales; people want to know about new merchandise. This is a form of information, and this too is a function of publishing.

Without advertising, our papers would be four or six pages, printed on cheap paper with poor, if any, illustrations. Our popular magazines would be virtually non-existent. Trade and technical magazines would be few in number and sell for perhaps $100 for a year's subscription.

Here is a wonderful commentary on the information function of advertising: One of today's most insidious critics of advertising is a man named Vance Packard. Not long ago he wrote a book called "Hidden Persuaders," which leveled a loaded attack on advertising. It became something of a best seller. But how did people get to know about it?

It was widely advertised in newspapers and magazines across the country. Advertising was the only way the publishers knew to sell a book attacking the means by which it was sold!

Advertising, it is said by its detractors, is offensive to good taste. The great growth of television has brought advertising into our homes in a highly personal way, and we in advertising have found ourselves with a powerful force we weren't always sure how to use. Programming is often juvenile, and commercials are sometimes irritating, or unpleasant, or are built around sales messages that make us a little squeamish.

First, a word about programming. I happen to be one of a growing group that believes that television and radio should be operated like a newspaper or magazine. I believe that the station operator should keep complete control of his time, just as the publisher keeps complete control of his pages. It is unthinkable that the newspaper or magazine publisher would let the advertiser supply

him the material for his editorial pages. Such publications would soon be in the same kind of trouble that television and radio finds itself. The station operator should censor the advertising he runs, just as the publisher does.

The station operator and the publisher are first of all obligated to the viewer, listener or reader. We, as advertisers, are only buying the right to talk to the audience he has built. Just as I believe the editor must, for the common good, be the person of top responsibility on a publication, so do I believe that there must be a counterpart of the editor in all audio-visual communications outlets.

Now a word or two about bad taste on television and radio.

Most of the problems arise around products which are personal in nature and not the subject of pleasant living room conversation. Take deodorants, for instance. It is a very delicate and difficult assignment to build tasteful advertising for deodorants. And yet, to say that we shouldn't advertise deodorants is highly questionable.

You are perhaps too young to remember what a city bus in the summer was like before Lifebuoy and Dial and Stopette, but I do, vividly. When your mother was your age, she didn't know what deodorant was. Some were on the market, sold in drug stores, hidden behind the counters and people were embarrassed to ask for them. No self-respecting man would use such a thing. Yet today, it is a tremendous market. Deodorants and deodorant soaps are everywhere, out on the counters, easily bought without shame or subterfuge, and a happy heat wave to all of you. This advertising did. Is it wrong?

How to introduce and sell such a product in good taste is not fully understood. There is a real challenge, and perhaps among you there are some answers or suggestions. If you have an original approach to this, you have a bright future in advertising.

The function of advertising in building security is not well understood. Really, only within the last fifteen years have companies used advertising to this purpose astutely.

In a speech, a few years ago, an executive of United States Steel summed it up with this statement: "I would rather own a market than a mill."

What he had come to understand was that a new process for producing steel could make his multi-million dollar mill obsolete overnight, and the dollars that the thousands of ordinary people had invested in U. S. Steel stock would shrink in value. Thousands more would be out of jobs.

How can U. S. Steel hedge against this? There are two ways, not mutually exclusive. One is to keep up a constant program of research and development to continuously find new and better products, and new and better ways of making them. The second is to build such a strong and favorable image of U. S. Steel that customers will always want to do business with them. This is a job for advertising: to humanize the sometimes seemingly inhuman corporation; to explain its motives and its achievements and its aims; to tell of its policies; to suggest uses for its products; to seek suggestions for new products and new markets.

This is the best possible hedge. Oversimplified, it means simply to build a large group of warm friends.

I grew up on the northwest side of Champaign. My father owned a neighborhood grocery store and when I was a boy there were no supermarkets. My father never advertised. Few grocery stores did. His customers lived within a few blocks of the store. He had no desire to get bigger; he didn't even know how.

In the late 1920's, the A & P, and National Tea and Kroger's came to town. Mind, these were prosperous years, but not for my father. For his customers took to reading the ads in the Champaign News-Gazette and going downtown to buy Ivory Soap and Maxwell House Coffee and other leading products. Gradually his business shrank, and finally it was sold out to a larger company. And so I lived first hand through a marketing revolution. When I was a boy, I helped in the store and scooped out bulk coffee—that was the only way it was sold—but supermarkets brought about packaged goods and advertising brought about supermarkets. Coffee was better; it was vacuum packed and fresh. Today, there is a far bigger selection of types and tastes. When I was a boy, I cut slices of cheese for customers from large loafs, and it wasn't awfully sanitary, and it was pretty inefficient, and the selection was limited. Today, I can pick out the cheese

of my choice, neatly and cleanly packaged, with little wasted time, and with a big saving in manpower.

My father was the loser in this marketing revolution, and many like him have been caught up through the years in similar situations in nearly every type of distribution. In a sense, we could blame advertising for his failure in his business; but while he failed, thousands were able to buy better food, a far more interesting and palatable variety of food, and at lower prices than would otherwise be available.

We in advertising, have a responsibility to make its power known to all kinds of business, large and small.

Bruce Barton has pointed out that advertising is the very essence of democracy. An election goes on every minute of every business day across the counters of hundreds of thousands of stores and shops where the customers state their preferences and determine which manufacturer and which product shall be the leader today, and which shall lead tomorrow. In this fair but fierce competition for public preference, he says, every manufacturer must strive through continuous research to improve his product.

And not incidentally, he says, what little advertising there is in totalitarian countries like Russia and Red China, is rigidly controlled and understandably so. Don't you see how dangerous it would be to let captive people choose freely their food, their clothing, their tools or their homes? Such freedom could all too easily expand to the ultimate goal of choosing their leaders and their way of life.

In the advertising agency with which I am associated we promote such non-consumer products as railroad locomotives, electronic computers, earth-moving equipment, and steel. What can advertising do for such products?

Well, advertising directed to railroad men and to the financial world that had to put up the money, had much to do with ending the uneconomic tradition of the steam engine and replacing it with the far more efficient diesel locomotive. It overcame entrenched opposition to change.

Advertising now directed to businessmen is informing them of the changes and improvements

in data calculators coming almost monthly to cut the time and drudgery of accounting and scientific computation.

Advertising for one of our clients in the earth-moving field has helped speed the building of roads, has led to shortcuts in construction that have at least partially compensated for mounting labor costs, and has shown the opportunities for upgrading our unskilled labor force from degrading lifting and hauling to better-paid machine operation.

Advertising for steel has suggested thousands of new uses for better life and more economical building, cooking, shipping and storing, to mention only a few day-to-day activities.

Advertising has permitted mass communication. On March 3, 1957, a Greek tragedy you have no doubt read, called Oedipus Rex, was performed on television. In that one night, more people saw it than in all the performances put together, in all countries of the world, in all the 2,386 years since Sophocles wrote it.

Advertising, during World War II and in the years since, has cut down on forest fires, increased the sale of government bonds, helped fight against deterioration of our school system, encouraged kids not to quit school short of a full education, and many other things, through the non-profit, totally volunteer Advertising Council, in which advertising agencies give creative work without charge, and advertisers spend a part of their budget to run public-service messages.

But apart from your possible direct interest in the future, as employees of newspapers or magazines or other media, and your obvious interest as consumers, what can all this mean to you as high school editors and advertising managers?

I think there is a great opportunity for you now in the use of advertising. I think your papers can be made better and stronger and more potent through advertising.

Our businesses are coming more and more to understand the immediate, dynamic potential of our young people as buyers and as buying influences on their whole families. Instead of simple announcement ads in your papers, if you will go to the businesses of your community with pre-written advertising messages, in the language you and your

friends talk, with due analysis of what interests you in products, I think you can double and treble the advertising you may carry, or might wish to carry.

I have seen a few isolated examples of how this can work. An ad written by a high school student for high school students is said to have started a buying spree on colored sweat shirts in Texas that cleaned out a store in a day.

An ad series, written in newsy, chatty style about "who was there" after school in a confectionery, doubled its business.

These are but examples. The lesson is obvious, and the opportunities are limited only by your own imaginations.

In a speech like this, I guess there is supposed to be a closing in which you are told that your future lies ahead of you and that the challenges are great. I have no desire to preach or to promise. It is obvious that your future is ahead of you, but it always will be. Of course the challenges are great, whatever that may mean. But they always were and they always will be. You live in different times than your mothers and fathers, and your children will live in different times than you do. I am not a philosopher; only a one-time editor turned advertising man who has had a lot of fun being both.

It's an interesting life I have, and some of you will someday want to sample it, too. It revolves around creative people, and people who write, or compose, or direct, or sell are often very stimulating people. They are likely to be outgoing, almost always articulate, and usually very much concerned about what is going on around them.

These are the people that make up advertising, and to know them and to live with them, you come to be very sure that advertising is indeed a good, and honest, and dynamic, and growing force. It will affect you all of your lives, and I hope you will understand and forgive its sins, when you see them, and remind yourself of the great good it does, and see it as a force which will make us a happier people, a better informed people, a better satisfied people, and therefore, a stronger nation and a greater influence in the world.

The following organizations have made the publication and distribution of Mr. Marsteller's speech possible:

- Champaign-Urbana Advertising and Sales Club

  A professional local advertising organization affiliated with the Advertising Federation of America.

- University of Illinois Student Chapters of:

  Alpha Delta Sigma (men)
  Gamma Alpha Chi (women)

  These are professional advertising fraternities for university students who are studying advertising.

- Department of Advertising
  University of Illinois, Urbana

  Information can be obtained about the professional program of advertising education offered at the University of Illinois by writing to the Department of Advertising.